EB 06-12/

FEDERAL COMMUNICATIONS COMMISSION

PUBLIC HEARING ON MEDIA OWNERSHIP

FRIDAY, NOVEMBER 9, 2007

The above-entitled matter convened at 4:00 p.m. at the Town Hall Seattle, Great Hall, 1119 8th Avenue, Seattle, Washington, Chairman Kevin J. Martin, presiding.

MEMBERS OF THE COMMISSION PRESENT:

COMMISSIONER MICHAEL J. COPPS COMMISSIONER JOHATHAN S. ADELSTEIN COMMISSIONER ROBERT M. McDOWELL

MODERATOR:

LOUIS J. SIGALOS, Chief, Consumer Affairs and Outreach Division, FCC

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#### P-R-O-C-E-E-D-I-N-G-S

CHAIRMAN MARTIN: Good afternoon. I thank you all for being here for the Federal Communication Commission's sixth and final public hearing on media ownership. I want to first thank everyone for both panels for agreeing to testify who we're going to hear from in just a moment and the Town Hall for graciously hosting us.

Before we begin with our first panel remarks, we do have an opening statement. The Governor is here. I thought she was here.

(Applause.)

GOVERNOR GREGOIRE: Good afternoon, everyone. I'm Chris Gregoire, governor of the great state of Washington. I want to thank you for coming to our state today on this very important issue.

And I'd like, if I could, to begin by saying while you see some wonderful people who are very concerned about this issue, had we been able to have more advance notice we would have

1	packed your room
2	(Applause.)
3	GOVERNOR GREGOIRE: We would have
4	packed this room. It would be have been standing
5	room only. It would be have been Washingtonians.
6	It would have been folks from Oregon. It would
7	have been folks from Idaho. So please, I don't
8	want you to think that this is the interest. In
9	fact, the interest is wide; it is deep through
10	all of the Pacific Northwest and our state.
11	(Applause.)
12	GOVERNOR GREGOIRE: Today I urge you
13	to take a broad interest view of the issues that
14	you are considering. These regulatory decisions
15	are not solely matters for business. I fervently
16	believe the airwaves are public property
17	(Applause.)
18	GOVERNOR GREGOIRE: and owners who
19	use them have made strong obligations to the rest
20	of us to maintain that use in the public
21	interest.
22	You last looked at this issue in 2002

and I wrote you then as attorney general for our state with my deep concerns about the FCC's efforts to accelerate the already rapid trend towards consolidation in the media. Those concerns are no less on my mind today and, in fact, are heightened. As governor I continue to be opposed to further concentration of media ownership through consolidation.

(Applause.)

GOVERNOR GREGOTRE: Such concentrations stifle creativity. They stifle content. It narrows perspective available to each of us, each of us as citizens, and it's clearly unhealthy in a society that rests on principles of equality and diversity. I find it ironic that in an age with so many new ways for to communicate and people SO many ways exercise the literal beauty of democracy we face a very real threat that those new ways will be controlled by but a few.

Since 1995 there are 40 percent fewer TV station owners due to consolidation. Three

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1 media companies own all of our cable 2 networks, and two companies serve 40 percent of 3 households getting cable television. Just one 4 company now owns nearly 1,200 radio stations 5 across the country. And before 1996 no company could own 6 7 more than 40 stations nationwide, and I'm not 8 just talking about newspapers and TV stations and 9 radio stations. Ownership of what we can hear, 10 view, and say is concentrating in key choke 11 points, such as the Internet content and phone 12 transmissions. A handful--13 (Applause.) 14 GOVERNOR GREGOIRE: Literally 15 handful of companies now dominate the top 16 Internet news sites. We need competition, not 17 concentration. 18 (Applause.) 19 GOVERNOR GREGOIRE: We need diversity. 20 We need vitality. We need local perspectives. 21 Democracy depends on the thriving marketplace of

It depends on a healthy means of a menu

ideas.

of political discourse, culture, and the arts. Do we really, do we really want to concentrate control of this market and place it in the hands of a few? I can tell you I don't, and I do not believe my fellow Washingtonians do either.

What happens if a single owner doesn't like what is being said on television or through the newspaper or through the Internet, will this individual engage in censorship? That is a problem. The possibility of censorship --

(Applause.)

GOVERNOR GREGOIRE: The possibility of censorship makes people lose confidence that their voices will be heard.

already problem We have a with distrust in far too many of our major institutions in this country. We do not need media added to the list simply because consolidation. If our means of communication is controlled by but a few, what's to stop them from blocking artists, our our musicians, grassroots political organizations and others

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1 from the doorway needed to reach these audiences? 2 (Applause.) 3 GOVERNOR GREGOIRE: Literally how will 4 the next great author get published? How will 5 the next great band be able to leave a garage in West Seattle for a worldwide audience? 6 7 (Applause.) GOVERNOR GREGOIRE: How will photos or 8 9 video documenting injustice be seen widely enough 10 to spark a response?

> I must say to you this is not just a problem in Seattle. Ιt is problem in а perception well. Both are а problem. as Concentration of media ownership in all its evolving forums -- forms is a real problem for the people of the state of Washington. problem for me. It's a problem for all of us who live in the Pacific Northwest and across this great nation, who live and work in creative, expressive, innovative communities from Spokane, Washington to Seattle, from Vancouver, Washington to Bellingham.

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1 I ask you please ensure that 2 citizens have access to all of the the sources of 3 information and perspectives so our democracy can 4 thrive. 5 Thank you very much. 6 (Applause.) 7 CHAIRMAN MARTIN: We also have opening statement from the State Attorney General 8 9 Rob McKenna. 10 MR. McKENNA: Mr. Chairman and members of the Commission, thank you for this opportunity 11 12 to testify before the Federal Communications Commission regarding media consolidation. 13 As attorney general for the state of Washington I 14 15 interest in competition and have а keen 16 maintaining a fair and open marketplace. also a strong believer in the importance of a 17 and diverse media in our democratic 18 robust society to guarantee our rights under the the 19 20 first amendment. With this in mind I have a number of 21 22 concerns about this hearing process and questions

1	about the underlying policy proposals. I
2	understand I am not alone in these concerns.
3	(Applause.)
4	MR. McKENNA: First, regarding the
5	process, the Commission's further notice of
6	proposed rule making is arguably improper. It
7	does not clearly set forth specific rules, but
8	outlines a history of the prior and asks a series
9	of philosophical questions regarding what steps
10	should be taken next. I'm concerned that any
11	rules that come out of this process will be
12	challenged again and successfully in court.
13	This Seattle hearing was announced
14	with very little advanced notice, as the Governor
15	has noted. Senator Maria
16	(Applause.)
17	MR. McKENNA: Thank you for not
18	allowing that to be a barrier to your attendance
19	here today, by the way.
20	Senator Maria Cantwell and
21	Representative Jay Inslee were correct in asking
22	for at least one month's time so that testimony
	·

could be adequately prepared in an informed manner. I also agree with Senators Beyer and Dorgan and Trent Lott who yesterday introduced a bill that would require the Commission to release final rules for publication and give at least 90 days for public comment.

(Applause.)

MR. McKENNA: Their bill would also require that localism issues be studied more robustly. The hearing should have addressed all topics in a more studied fashion because the issues of local ownership and media consolidation are intertwined and cannot be segregated and should not be segregated in separate hearings or processes.

(Applause.)

MR. McKENNA: Regarding media consolidation, changing the cross-media ownership limits may have an impact on local ownership, which may in fact reduce the amount of local news available. The group Reclaim the Media cites the following statistics:

Locally owned broadcasts companies devote an average additional 20 to 25 percent of their newscasts to local news stories: approximately 5 more minutes per half hour broadcast than nationally owned stations do. When ownership is transferred from a local family group to a national chain, local received less coverage. Newsrooms owned by big chains tend to rely more on syndicated feeds and are more likely to air national stories with no local connection.

Furthermore, Free Press, a media oversight group, said its analysis of FCC data found that markets where companies had waivers to own newspapers and TV stations had less local news coverage than markets that didn't.

More complete rigorously peer-reviewed and directed economic studies are needed, especially if such studies are going to be relied upon to allow a loss or reduction of business competition.

Now, from an antitrust enforcement

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standpoint, I'm very concerned that lifting the ban on cross-ownership will result in market power far above anything currently allowed under our antitrust laws --

(Applause.)

MR. McKENNA: -- allowing unchecked acquisitions to concentrate market power to too few competitor's hands.

This Commission says it has conducted ten studies in this area that critics point that in their view these studies are biased and flawed. The disagreement between what this Commission is saying what groups, such as Consumers Union, Reclaim the Media, and Free Press, are saying about the economic literature indicates there is room for more complete study.

We're also concerned that a lack of competition in the media could adversely impact small businesses. Small local businesses need to be able to advertise via local media outlets, such as radio and TV. If national conglomerates own both national and local stations and prefer

doing business with national advertisers, we're concerned that local businesses may not still be able to buy advertising time at a cost they can afford.

#### (Applause.)

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MR. McKENNA: More complete studies should be conducted to assess the impact of the proposed new rules on current and potential minority and small business owners. Ironically, while the Commission has expressed concern about maintaining viable ownership by women and minorities, the newrules allowing huge conglomerates to capitalize expansion into crossdifficult for ownership makes it small businesses, especially those owned by women and minorities, to successfully compete for the licenses.

The third circuit noted this in its Prometheus decision. Here in Washington state we have a growing minority community, and we'd like to protect those communities' ability to compete for licenses against the big conglomerates.

Commissioner Copps has pointed out that people of color make up 30 percent of our population nationally, yet own only 4.2 percent of our radio stations and 1-1/2 percent of the TV stations in this country.

I'm in agreement with yesterday's congressional proposal requiring much more robust

study of ownership by women and minorities before further action is taken.

(Applause.)

Clearly, there are many MR. McKENNA: thorny issues this Commission must address before moving forward in this rule making process. the Commission's position and the respect balancing vou all face in difficult act protecting access to the media while ensuring a competitive marketplace.

That's why it is all the more important that you conduct trusted, independent, and peer-reviewed analyses of these issues, and why --

(Applause.)

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1 MR. McKENNA: And why it is vital that 2 all interested parties have adequate time to 3 review your proposals and provide informed input 4 before any changes to FCC rules are adopted. Thank you very much. 5 6 (Applause.) 7 CHAIRMAN MARTIN: We'll now have an opening statement via DVD from Senator Maria 8 9 Cantwell. 10 SENATOR CANTWELL: Hello. I'm very pleased Seattle is hosting one of these crucial 11 12 public hearings on media ownership. I appreciate the great turnout, especially on short notice. 13 And I wanted to thank --14 15 (Applause.) 16 SENATOR CANTWELL: -- the people who are participating in this event as well. 17 Our state has a history of quality 18 19 local news and broadcasting with a strong commitment to local angles and focusing on key 20 21 issues, which is why I'm troubled by press 22 reports that Chairman Martin plans to wrap up the

1	
1	current examination of FCC media ownership rules
2	by December 18th. I would ask the Chairman,
3	what's the hurry? I'm equally concerned that
4	some
5	(Applause.)
6	SENATOR CANTWELL: of the public
7	statements changing the Commission's ban on
8	broadcast-newspaper cross-ownership.
9	Yesterday in the United States Senate
10	Commerce Committee we held a hearing on this
11	issue, on local diversity and media ownership.
12	And at the hearing some of my colleagues, like
13	Senator Dorgan, Senator Lott, Senator Snowe and
14	I, all spoke about the future of America's media.
15	And I can tell you we do not believe it should be
16	one big consolidation plan.
17	America needs more voices. We need
18	more diversity. We need more local input and not
19	less. We need the diversity of ownership and
20	ownership that reflects America's identity.
21	There is a general sense that maybe

the die has already been cast and that there are

those who are just pushing for media concentration, but I believe that is the wrong direction. I support media diversity and will fight hard in the United States Senate to protect it.

The ownership of broadcast and print media get to the very heart of what we value as Americans, that is, the freedom of speech, the encouragement of multiple viewpoints, of a vibrant, competitive economy, and local diversity. Diversity and localism in the media have energized our democracy, and citizens need to access a broad array of independent opinions and data and analysis so that we can have more information to make up our minds.

Second, consolidation of media in America I think could be very bad for our economy. Just think about it. It increases the advertising rate, raises the cost for America's small businesses, especially our small businesses who depend on advertising.

And third, media diversity is

1	important because it encourages the outlet for
2	innovative programming. That means that you get
3	the local perspective, the perspective of local
4	events, local news, and that they are just as
5	important as those news stories that get national
6	billing. It keeps us and our communities strong.
7	If this current process continues of
8	pushing for media consolidation, I guarantee you
9	that Senators from both parties will act. In
10	2003 the Senate worked to stop media
11	consolidation, and we will work to do so again.
12	Commissioners, I thank you for being
13	here tonight, but I'd also like to thank the many
14	members of the public who are here to contribute
15	as well, to give their opinions and to talk about
16	why the diversity of voices in America,
17	especially here in Seattle, are so important.
18	Thank you.
19	(Applause.)
20	CHAIRMAN MARTIN: We also have a
21	statement via DVD from Congressman Jay Inslee.
22	CONGRESSMAN INSLEE: Good evening.

I'm Congressman Jay Inslee representing the First Congressional District and thousands of Americans who want to make sure that the FCC maintains rules against excessive media consolidation. I wish I could join you tonight. We're voting so I won't be able to join Reclaim the Media, Free Press, representatives from the Seattle Times, and others tonight who will be testifying about the importance of democracy of maintaining these rules against excessive media consolidation.

Like of the witnesses manv here tonight, I have very serious concerns about weaken existing limits efforts to on media ownership. Weakening these rules would allow the media landscape to be dominated by corporations, putting too much control in too few and producing a system where powerful fuel -- excuse me -- a powerful few can be heard.

It could lead to a lack of diversity of voices and I believe would. It would lead to programming that is out of touch with local

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